

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 IO-15 ISO-00 L-03 NSC-10 OMB-01

TAR-02 SPC-03 AGR-20 AID-20 CIAE-00 COME-00 INR-10

LAB-06 NSAE-00 OIC-04 RSC-01 SIL-01 STR-08 TRSE-00

CIEP-02 CEA-02 AF-10 ARA-16 NEA-10 SS-15 DRC-01 /208 W

----- 122237

R 021124Z OCT 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 1900

INFO AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, UNCTAD

SUBJECT: SUGAR CONFERENCE: CANADIAN-JAPANESE DEMARCHE

REF: GENEVA 5188

1. CANADIAN AND JAPANESE DELS AT THEIR INITIATIVE CALLED ON USDEL OCT 1 AND PRESENTED PROPOSALS ON RELATIONSHIP OF ISA AND SPECIAL ARRANGEMENTS. CLARK (CANADA), SAYING PROPOSALS ALSO SUPPORTED BY MALAYSIA, NEW ZEALAND AND SOUTH KOREA, SAID INTENTION WAS TO MAKE ISA AN INTER-NATIONAL CONTRACT SEPARATE FROM BUT IN NO WAY SUBORDINATE TO SPECIAL ARRANGEMENTS. HE ASKED FOR OUR UNDERSTANDING OF POSITION OF FREE MARKET IMPORTERS WHO, UNDER CURRENT ISA, FIND THE OBLIGATIONS OF EXPORTERS TO SUPPLY THEM SUBORDINATE TO THEIR OBLIGATIONS UNDER SPECIAL ARRANGEMENTS SUCH AS US SUGAR ACT AND COMMONWEALTH SUGAR AGREEMENT.

2. CLARK THEN TABLED SPECIFIC PROPOSED AMENDMENTS

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TO ARTICLES 30 AND 34 OF 1968 ISA. THESE WOULD STATE

THAT RIGHTS AND OBLIGATIONS UNDER THE ISA "SHALL BE SEPARATE FROM AND IN ADDITION TO" RIGHTS AND OBLIGATIONS UNDER SPECIAL ARRANGEMENTS. THESE CHANGES ARE CLEARLY INTENDED TO MAKE POSSIBLE PENALTIES ON EXPORTERS WHO FULFILL THEIR SUPPLY OBLIGATIONS TO, FOR EXAMPLE, THE US AT THE EXPENSE OF THEIR ISA SUPPLY COMMITMENT OBLIGATIONS.

3. USDEL EXPLAINED THAT, AS CANADIANS AND JAPANESE AWARE, WE BELIEVE COMPATIBILITY OF ISA AND US SUGAR ACT VITAL. WE SAID ABOVE PROPOSALS APPEARED INCONSISTENT WITH THIS APPROACH. WE ALSO SAID WE DOUBTED PROPOSALS WOULD BE ACCEPTABLE TO EXPORTERS WHO SUPPLY BOTH FREE MARKET AND PREMIUM MARKETS. WE POINTED OUT THAT WHILE US PROVIDES REMUNERATIVE MARKET WHETHER SUGAR IN SURPLUS OR SHORTAGE, IMPORTERS FROM FREE MARKET DO LITTLE FOR SUPPLIERS IN TIMES OF SURPLUS. WE POINTED OUT CANADIANS AND JAPANESE HAVE IN PAST TWO YEARS, RECEIVED OVER 90 PERCENT OF THEIR IMPORT REQUIREMENTS AT SUPPLY COMMITMENT PRICE, I.E. BELOW MARKET PRICES, AND WONDERED WHY THIS PERFORMANCE BY EXPORTERS UNSATISFACTORY TO THEM.

4. BOTH HAPANESE AND CANADIANS WELL AWARE PROPOSALS UNACCEPTABLE TO US. USDEL WILL DISCUSS THEM WITH EXPORTERS TO US AND ENCOURAGE THEIR SUPPORT IN OPPOSING SUCH PROPOSALS.
BASSIN

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